

Rutland Regional Medical Center

Fiscal Year 2016 budget analysis

Report Date:

8/6/2015

Rutland Regional Medical Center

Tom Huebner - CEO

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Summary Budget to Budget Increase

The 2016 budget shows a 4.1% increase over the 2015 budget. The increase over 3% is all due to physician practice transfers that occurred during FY 2015. They did not request any "allowance" for health care investments.

Utilization is projected to be 4.8% lower, though the budget does include 77 new FTEs, many for clinical services. This is resulting in unfavorable productivity measures. The hospital will discuss this at the hearing.

The operating surplus is budgeted at 2.4% of net revenues; this is lower than the 3.4% margin in 2015. The balance sheet is in very good position. The latest financial projections for 2015 show higher NPR and operating surplus is meeting the approved budget level.

The commercial cost shift is reduced by \$4.3 million. Over \$2.9 million is related to better revenues from Medicare and Medicaid while improved bad debt and free care explain \$1.4 million.

Issues to Address at the Hearing

Discuss the rate increase and the effects on your commercial payers.

Describe the reasons for the large shifts being seen from self pay patients to Medicaid.

Discuss the improving trends being seen in bad debt and free care the last few years.

Discuss the need for additional FTEs that are not supported by higher utilization, resulting in productivity declines.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
Net Patient Care Revenue	\$ 220,829,447	\$ 224,138,940	\$ 230,542,821	\$ 233,248,162	\$ 9,109,222	4.1%
Other Operating Revenue	\$ 9,926,146	\$ 9,296,963	\$ 10,354,870	\$ 9,938,846	\$ 641,883	6.9%
Total Operating Revenue	\$ 230,755,593	\$ 233,435,903	\$ 240,897,691	\$ 243,187,008	\$ 9,751,105	4.2%

SALARIES NON MD	\$ 66,038,736	\$ 66,665,955	\$ 69,232,977	\$ 73,162,616	\$ 6,496,661	9.7%
FRINGE BENEFITS NON MD	\$ 24,793,222	\$ 24,699,747	\$ 27,969,009	\$ 25,651,715	\$ 951,968	3.9%
FRINGE BENEFITS MD	\$ 1,815,597	\$ 1,987,796	\$ 2,190,057	\$ 2,008,606	\$ 20,810	1.0%
PHYSICIAN FEES SALARIES CONTRACTS & FRINGES	\$ 28,177,523	\$ 29,158,151	\$ 29,224,576	\$ 30,114,342	\$ 956,191	3.3%
HEALTH CARE PROVIDER TAX	\$ 12,808,872	\$ 13,448,336	\$ 13,071,616	\$ 13,519,505	\$ 71,169	0.5%
DEPRECIATION AMORTIZATION	\$ 11,960,609	\$ 13,168,022	\$ 12,561,993	\$ 13,374,000	\$ 205,978	1.6%
INTEREST - SHORT TERM	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
INTEREST - LONG TERM	\$ 1,862,292	\$ 1,849,639	\$ 1,894,714	\$ 1,873,113	\$ 23,474	1.3%
OTHER OPERATING EXPENSE	\$ 71,869,351	\$ 74,613,376	\$ 77,007,993	\$ 77,623,157	\$ 3,009,781	4.0%
Total Expenses	\$ 219,326,202	\$ 225,591,022	\$ 233,152,935	\$ 237,327,054	\$ 11,736,032	5.2%
Net Operating Income	\$ 11,429,391	\$ 7,844,881	\$ 7,744,756	\$ 5,859,954	\$ (1,984,927)	-25.3%
Operating Margin %	5.0%	3.4%	3.2%	2.4%	-1.0%	

Rutland Regional Medical Center

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget 2015	Budget 2015-Budget 2016
Utilization							
Acute Care Ave Daily Census	77.4	74.7	73.4	79.1	74.6	-1.3	1.2
Total Average Daily Census	81	83	78	83	78	-5	0.1
Acute Average Length of Stay	4.5	4.6	4.9	5.1	4.9	0.2	0.1
Acute Admissions	6,304	5,897	5,507	5,720	5,541	-390	34.0
Total Beds (Staffed)	136	129	117	129	129	-12	12.0
Adjusted Admissions	18,323	17,701	16,827	16,300	16,020	-874	-806.7
Adjusted Days	82,086	81,895	81,894	82,322	78,935	0	-2,958.8
Capital							
Age of Plant	10.0	11.0	11.0	11.4	11.7	0.0	0.7
Long Term Debt to Capitalization	27.2%	24.7%	21.5%	22.6%	20.4%	-3.2%	-1.1%
Capital Expenditures to Depreciation	39.5%	65.2%	57.2%	109.2%	73.9%	-8.0%	16.6%
Debt per Staffed Bed	769,102	873,378	818,529	844,572	811,404	-54,849	-7,125
Net Prop, Plant & Equip per Staffed Bed	526,181	562,637	617,558	548,295	521,194	54,921	-96,364
Debt Service Coverage Ratio	6.1	6.2	6.8	5.3	5.6	0.7	-1.2
Revenue							
Deduction %	52.1%	52.1%	54.5%	52.6%	54.3%	2.4%	-0.2%
Bad Debt % of Gross Revenue	1.5%	1.0%	2.0%	1.7%	1.6%	1.0%	-0.4%
Free Care % of Gross Revenue	1.7%	1.2%	1.5%	1.1%	1.1%	0.3%	-0.4%
Operating Margin %	4.4%	5.0%	3.4%	3.2%	2.4%	-1.6%	-1.0%
Total Margin %	9.8%	8.2%	6.7%	4.9%	4.7%	-1.5%	-1.9%
All Net Patient Revenue % of Gross Rev	46.8%	46.8%	44.4%	46.4%	44.9%	-2.4%	0.5%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	32.9%	31.9%	28.0%	29.4%	28.9%	-3.9%	0.9%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	30.7%	33.2%	30.9%	37.1%	35.3%	-2.3%	4.4%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	73.9%	76.9%	75.8%	76.2%	73.2%	-1.1%	-2.6%
Productivity							
Adjusted Admissions Per FTE	16.1	16.0	15.1	14.1	13.4	-0.9	-1.7
FTEs per 100 Adj Discharges	6.2	6.3	6.6	7.1	7.4	0.4	0.8
Overhead Expense w/ fringe, as a % of Total Operating Exp	28.1%	28.7%	28.6%	29.0%	28.8%	-0.1%	0.2%
FTEs Per Adjusted Occupied Bed	5.1	4.9	5.0	5.1	5.5	0.0	0.5
Cost							
Cost per Adjusted Admission	11,569	12,391	13,407	14,304	14,814	1,016	1,408
Salary & Benefits per FTE - Non-MD	79,878	82,059	82,028	84,121	82,950	(31)	922
Compensation Ratio	54.8%	52.4%	52.5%	53.4%	53.8%	0.1%	1.4%
Capital Cost % of Total Expense	6.8%	6.3%	6.7%	6.2%	6.4%	0.4%	-0.2%
Liquidity							
Current Ratio	3.6	4.0	5.5	5.4	5.9	1.6	0.3
Days Cash on Hand	181.6	207.0	205.2	210.8	225.7	(1.8)	20.4
Cash to Long Term Debt	2.3	2.9	3.0	3.2	3.6	0.2	0.6
Payer							
DSH % of Total NPR	2.2%	2.4%	2.4%	2.0%	1.8%	0.0%	-0.6%
Medicaid % of Total NPR (incl. DSH)	10.3%	12.9%	12.1%	15.4%	15.2%	-0.9%	3.1%
Medicare % of Total NPR (incl. DSH)	33.8%	32.4%	30.2%	29.3%	29.8%	-2.3%	-0.4%
Commercial % of Total NPR (incl. DSH)	53.7%	52.3%	55.4%	53.3%	53.3%	3.1%	-2.1%
Employed							
Non-MD FTEs	1,140.1	1,106.9	1,113.8	1,155.5	1,191.3	6.9	77.4
Physician FTEs	80.2	81.1	89.6	91.9	93.3	8.6	3.6
Travelers	31.9	81.8	74.6	74.8	73.7	(7.2)	(0.9)
Outpatient							
All Outpatient Visits	228,980	225,383	228,334	226,630	231,618	2,951	3,284
Operating Room Procedure	3,318	3,188	3,151	3,195	3,447	(37)	296
Observation Units	72,791	72,234	68,077	68,864	67,170	(4,157)	(907)

1) The hospital is requesting a 3.7% overall rate increase. Is that the amount, on average, the additional amount that commercial payers will be paying? Describe the different reimbursement agreements you may have when contracting with commercial payers.

2) Bad debt and free care levels have come down from 3.6% of gross revenues in 2012 to 2.7% budgeted for 2016. Describe the recent changes you have seen in terms caseloads, patient coverages, billing disputes, etc. that might be influencing the changes. Is there any evidence this is related to higher enrollment and/or shift to Medicaid? Describe and changes in reporting that are influencing this. What would have happened to your rate request if the bad debt and free care remained a 3.6% of gross revenues?

3a) Budgeted 2016 utilization (adjusted admissions) shows a decline from 2015 budget levels. However, projected 2015 is showing higher utilization than budget and Budget 2016 has added physician practices. Discuss w utilization is expected to decline. What evidence do you have that supports the expected decline?

3b) The budget is adding 77 non-MD FTEs and 3.6 physician FTEs. The physician transfers referred to in your budget exp 20 of the non-MD FTEs and the physicians. Discuss why the hospital is adding the additional 57 FTEs.

3c) RPMC productivity measures show unfavorable trends compared to peers. However, RPMC state that their productivity is improving. The difference appears to be that they measure productivity on patient days rather than admissions. Discuss these difference perspectives. Discuss the influence of the psychiatric inpatient program on these measures.

	<u>A14</u>	<u>B15</u>	<u>B16</u>
FTEs per adj occupied bed	4.9	5.0	5.5
FTEs per 100 discharges (adj admissions)	6.3	6.6	7.4

4) There is a significant shift from Commercial/self pays (\$1.8 million decrease) to Medicaid (\$8.3 million increase) net patient revenues. This appears to be related to self pays. Why is this occurring? Can you quantify this change in terms of number of patients?

- 5) The RRMC narrative states that the subsidy for the Community Health Centers of the Rutland Region (CHCRR) is declining from \$813,000 to \$700,000 in Budget '16. Does the RRMC have any long term plans to eliminate the subsidy? What are the obstacles?
- 6) The RRMC narrative quantifies the cost shift and shows a higher overall cost shift than we calculate by about \$6 million. Provide a schedule that shows how you estimate the cost shift.
- 7) Are the projections filed with the FY 2016 Budget still valid for 2015? If materially different, provide an updated profit and loss for FY 2015.
- 8) The hospital reports all "physician visits" as "clinic visits". Why does the hospital differentiate visits in this manner? Is this distinction needed for other reporting purposes?
- 9) RRMC states that they are considering using 47 days of cash on hand, or \$28.6 million, to fully fund their defined benefit pension plan that was "frozen" in 2006. Discuss the rationale for considering this option.
- 10) RRMC has 74 "travelers" budgeted for 2016. Discuss the need for travelers and the circumstances that require budgeting at this level. Is there a plan to reduce the number of travelers?
- 11) Staffed beds are increasing by 12 from 2015 budget. Is this a reporting change? Please explain.
- 12) The RRMC budget shows a reduction in disproportionate share revenues of over \$1.2 million. This is worth about a 1% in rates to recover those funds. Why would the revenues move that dramatically in one year?

Rutland Regional Medical Center

PROFIT & LOSS STATEMENT

	2014A	2015B	2015P	2016B	2015B- 2015B-2016B	2016B
REVENUES						
INPATIENT	\$153,505,000	\$161,287,807	\$170,656,271	\$176,547,476	\$15,259,669	9.5%
OUTPATIENT	\$302,058,327	\$329,950,838	\$314,895,845	\$333,091,359	\$3,140,521	1.0%
PHYSICIAN	\$0	\$0	\$0	\$0	\$0	0.0%
CHRONIC REHAB	\$0	\$0	\$0	\$0	\$0	0.0%
SNF/ECF	\$0	\$0	\$0	\$0	\$0	0.0%
SWING BEDS	\$5,207,714	\$1,579,618	\$750,478	\$793,290	-\$786,328	-49.8%
GROSS PATIENT CARE REVENUE	\$460,771,041	\$492,818,263	\$486,302,594	\$510,432,125	\$17,613,862	3.6%
DISPROPORTIONATE SHARE PAYMENTS	\$5,217,947	\$5,395,100	\$4,701,490	\$4,169,146	-\$1,225,954	-22.7%
BAD DEBT	-\$4,791,443	-\$9,856,365	-\$8,086,998	-\$8,337,141	\$1,519,224	15.4%
FREE CARE	-\$5,681,211	-\$7,391,288	-\$5,362,340	-\$5,627,667	\$1,763,621	23.9%
GRADUATE MEDICAL EDUCATION	\$0	\$0	\$0	\$0	\$0	0.0%
DEDUCTIONS FROM REVENUE	-\$234,686,887	-\$256,826,770	-\$247,011,925	-\$267,388,301	-\$10,561,531	-4.1%
NET PATIENT CARE REVENUE	\$220,829,447	\$224,138,940	\$230,542,821	\$233,248,162	\$9,109,222	4.1%
OTHER OPERATING REVENUE	\$9,926,146	\$9,296,963	\$10,354,870	\$9,938,846	\$641,883	6.9%
TOTAL OPERATING REVENUE	\$230,755,593	\$233,435,903	\$240,897,691	\$243,187,008	\$9,751,105	4.2%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	219,326,202	225,591,022	233,152,935	237,327,054	\$11,736,032	5.2%
NET OPERATING INCOME (LOSS)	\$11,429,391	\$7,844,881	\$7,744,756	\$5,859,954	-\$1,984,927	-25.3%
NON-OPERATING REVENUE	\$8,151,845	\$8,348,861	\$4,317,749	\$5,973,111	-\$2,375,750	-28.5%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$19,581,236	\$16,193,742	\$12,062,505	\$11,833,065	-\$4,360,677	-26.9%

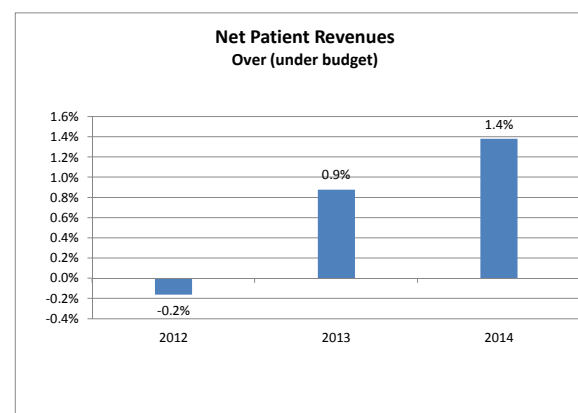
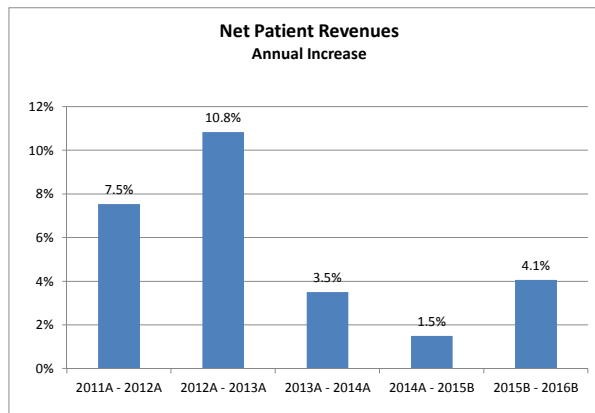
Physician revenue activity is included in the Outpatient revenue line. GMCB staff are working with hospitals to consistently align and report the information.

Favorable changes in bad debt and free care will be discussed.

\$4.4 million of Other operating revenue is 340 B program (pharmacy).

Higher expenses are driven primarily wage increases (3%), 77 new FTEs, and non-salary expenses related to 340B, IT, new programs (see narrative), and OR supplies.

Operating income has been reduced in 2016 in part to meet NPR target.



Rutland Regional Medical Center**NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 5,395,100	\$ 4,169,146	\$ (1,225,954)
Medicaid	\$ 27,017,125	\$ 35,348,317	\$ 8,331,192
Medicare	\$ 67,585,552	\$ 69,443,645	\$ 1,858,093
Commercial/self pay/Wcomp	\$ 124,141,163	\$ 124,287,054	\$ 145,891
TOTAL	\$ 224,138,940	\$ 233,248,162	\$ 9,109,222
			4.1%

NPR shows a 4.1% increase over the 2015 budget. This increase can be described as follows:

	Millions	% share of Increase
Rate Increase	\$ 4.3	1.9%
Physician Practice Transfers	\$ 2.5	1.1%
Bad Debt/Free Care Improvement	\$ 3.3	1.5%
Disproportionate Share Loss	\$ (1.2)	-0.5%
Utilization Loss	\$ (2.5)	-1.1%
Other Change	\$ 2.7	1.2%
	\$ 9.1	4.1%

This schedule presents net patient revenue change for the hospital. Essentially, this is a summary of who will pay the bill for the increases in the budget.

The 2016 budget shows a 4.1% increase over the 2015 budget. The increase over 3% is all due to physician practice transfers that occurred during FY 2015. See the narrative for a discussion of the physician transfers.

They did not request any "allowance" for health care investments.

Favorable changes in bad debt/free care were offset some by a reduction in disproportionate share.

Utilization is budgeted to decline \$2.5 million. This is offset some by "other changes" such as better reimbursement and favorable changes in mix of services.

Rutland Regional Medical Center
NET PATIENT REVENUE PAYER MIX

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 5,395,100	\$ 4,169,146	\$ (1,225,954)
Medicaid	\$ 24,566,147	\$ 30,512,385	\$ 5,946,238
Medicare	\$ 62,644,734	\$ 62,848,217	\$ 203,483
Commercial/self pay/Wcomp	\$ 104,964,512	\$ 115,088,099	\$ 10,123,587
TOTAL	\$ 197,570,493	\$ 212,617,847	\$ 15,047,354

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 2,450,978	\$ 4,835,932	\$ 2,384,954
Medicare	\$ 4,940,818	\$ 6,595,428	\$ 1,654,610
Commercial/self pay/Wcomp	\$ 19,176,651	\$ 9,198,955	\$ (9,977,696)
TOTAL	\$ 26,568,447	\$ 20,630,315	\$ (5,938,132)

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 5,395,100	\$ 4,169,146	\$ (1,225,954)
Medicaid	\$ 27,017,125	\$ 35,348,317	\$ 8,331,192
Medicare	\$ 67,585,552	\$ 69,443,645	\$ 1,858,093
Commercial/self pay/Wcomp	\$ 124,141,163	\$ 124,287,054	\$ 145,891
TOTAL	\$ 224,138,940	\$ 233,248,162	\$ 9,109,222

This schedule breaks out the net patient revenue change s between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician. This is because price changes, reimbursement, and utilization will differ for those services.

Our analysis finds a significant increase in Medicaid NPR. RRMC will explain this Medicaid increase.

In addition, we find a \$10 million reduction in physician commercial revenue but a \$10 million corresponding increase in commercial hospital. RRMC will address that as well.

The disproportionate share change has been verified and a reduction will have an unfavorable effect on rate.

Rutland Regional Medical Center

RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
Rutland Regional Medical Center	10.3%	4.8%	8.4%	3.7%	7.8%
Weighted Average All Hospitals				4.3%	

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates
Hospital Inpatient	4.7%		
Hospital Outpatient	3.8%		
Professional Services	0.0%		
Nursing Home	0.0%		
Home Health	0.0%		
Other	0.0%		
Summary price request	3.7%	\$ 18,369,381	\$ 4,339,407
Summary Other (non-price) request		\$ (755,518)	\$ 4,769,815
Total NPR Increase Due to Price and Other		\$ 17,613,863	\$ 9,109,222

Commercial Payer	Self Pay/Other	Medicaid	Medicare	Other
\$ 4,641,650	\$ (26,148)	\$ (51,471)	\$ (224,624)	
\$ (6,484,886)	\$ 2,015,274	\$ 8,382,663	\$ 2,082,721	\$ (1,225,957)
\$ (1,843,236)	\$ 1,989,126	\$ 8,331,192	\$ 1,858,097	\$ (1,225,957)

The rate increase is 3.7% with no increase budgeted for physician services, a decrease in lab, and increases for hospital inpatient and outpatient services. The rate will generate \$4.3 million of the overall \$9.1 million increase in Net patient revenues (NPR), most all coming from the commercial self-pays.

The rate increase of 3.7% compares favorably with the past three year average of 7.8%. This is due to improved bad debt and free care, better Medicaid reimbursement, and favorable operating surplus in 2014.

The non-price request activity has unusual shifts across payers, especially from commercial/self pay to Medicaid. RRMRC will address this. It is presumed that some of this increase is related to the recently psychiatric inpatient program.

Rutland Regional Medical Center
UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
Utilization							

ADJUSTED ADMISSIONS	16,556	18,323	17,701	16,827	16,300	16,020	-4.8%
ACUTE ADMISSIONS	6,262	6,304	5,897	5,507	5,720	5,541	0.6%
AVERAGE LENGTH OF STAY	4.8	4.5	4.6	4.9	5.1	4.9	1.2%
OUTPATIENT OPERATING ROOM PROCEDURES	3,145	3,318	3,188	3,151	3,195	3,447	9.4%
LABORATORY TESTS	585,338	544,493	522,183	523,898	511,391	508,366	-3.0%
EMERGENCY ROOM VISITS	33,473	34,676	33,992	33,654	34,467	34,467	2.4%
RADIOLOGY-DIAGNOSTIC & CT SCANS	55,532	54,632	53,379	53,972	51,611	50,365	-6.7%
MRIs	4,559	4,556	4,503	4,434	4,472	4,472	0.9%
PHYSICIAN OFFICE VISITS	-	-	-	-	-	-	0.0%
CLINIC VISITS	154,665	277,893	347,276	277,893	336,790	363,816	30.9%

Staffing							
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NON-MD FTE	1,160	1,140	1,107	1,114	1,156	1,191	77.4
TRAVELERS	12.3	31.9	81.8	74.6	74.8	73.7	-0.9
RESIDENTS & FELLOWS	-	-	-	-	-	-	0.0
MLPs	-	-	-	-	-	-	0.0
PHYSICIAN FTEs	60.8	80.2	81.1	89.6	91.9	93.3	3.6
TOTAL MD AND NON MD FTES	1,233.3	1,252.2	1,269.8	1,278.1	1,322.3	1,358.2	80.1
SALARY PER FTE - NON-MD	58,867	59,650	59,660	59,853	59,916	61,417	2.6%
SALARY & BENEFIT PER FTE - NON-MD	78,861	79,878	82,059	82,028	84,121	82,950	1.1%
FTES PER ADJUSTED OCCUPIED BED	5.4	5.1	4.9	5.0	5.1	5.5	11.0%
FTES PER 100 ADJUSTED DISCHARGES	7.0	6.2	6.3	6.6	7.1	7.4	12.3%

Budgeted 2016 utilization (adjusted admissions) shows a decline from 2015 budget levels.

However, projected 2015 is showing higher utilization than budget and Budget 2016 has added physician practices. RRMC has been asked why they are budgeting lower utilization and will address this at the hearing.

There is also a large increase in operating room procedures and RRMC reports physician visits as clinic visits. They have been asked to explain those changes.

Non MD staffing is increasing by 77, many related to new programs and clinical needs. RRMC will discuss this and the level of travelers at the hearing.

Productivity indicators are trending unfavorably as FTEs are being added while utilization is decreasing.

Rutland Regional Medical Center
BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
Cash & Investments	\$12,724,165	\$14,286,530	\$18,603,020	\$23,680,313
Total Current Assets	\$49,650,142	\$51,010,357	\$55,528,999	\$60,606,292
Total Board Designated Assets	\$105,910,657	\$106,142,206	\$110,228,406	\$116,201,517
Total Net, Property, Plant And Equipment	\$72,580,136	\$72,254,244	\$70,730,042	\$67,234,042
Other Long-Term Assets	\$9,834,220	\$11,225,487	\$9,834,219	\$9,834,219
Total Assets	\$237,975,155	\$240,632,294	\$246,321,666	\$253,876,070
Total Current Liabilities	\$30,910,371	\$28,219,174	\$30,340,970	\$29,934,102
Long-Term Debt	\$41,137,355	\$39,642,907	\$40,135,203	\$38,263,410
Other Noncurrent Liabilities	\$40,618,083	\$27,905,855	\$38,473,642	\$36,473,642
Total Fund Balance	\$125,309,346	\$144,864,358	\$137,371,851	\$149,204,916
Total Liabilities and Equities	\$237,975,155	\$240,632,294	\$246,321,666	\$253,876,070

The hospital's overall balance sheet shows a continued improvement in net assets (fund balance).

Debt is trending lower and cash and Board Designated Assets are increasing.

Hospital				
Net Increase/Decrease in Cash	\$ 7,516,382	\$ 10,647,450	\$ 5,878,855	\$ 9,393,783
Days Cash on Hand	207	205	211	226
Cash to Long Term Debt	2.9	3.0	3.2	3.6
Long Term Debt to Capitalization	24.7%	21.5%	22.6%	20.4%
Debt Service Coverage Ratio	6.2	6.8	5.3	5.6

RRMC's cash is expected to improve in Budget 2016. Debt indicators also show improvement in the next year.

Cash measures compare well against the system average.

Debt measures are improving and the debt position is favorable compared to the system.

System Average				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (10,610,727)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.2%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

Rutland Regional Medical Center

CAPITAL BUDGET

	2014 Actuals	2015 Budget Approved	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$7,802,611	\$7,535,000	\$13,714,712	\$9,878,000	\$11,550,000	\$8,050,000	\$9,500,000
Certificate of Need Capital Plans		\$6,500,000	\$709,965	\$11,750,000	\$21,600,000	\$0	\$0
Total Capital Purchases	\$7,802,611	\$14,035,000	\$14,424,677	\$21,628,000	\$33,150,000	\$8,050,000	\$9,500,000

Hospital

Age of Plant (years)	11.0	11.0	11.4	11.7	helps understand the status of all fixed assets		
Capital Expenditures to Depreciation	65.2%	57.2%	109.2%	73.9%	helps to understand current level of capital spend		
Capital Cost % of Budget	6.3%	6.7%	6.2%	6.4%	helps understand relative share of depr & interest		

System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Age of plant is increasing in Bud 16 and compares closely with the Vermont hospital system.

RRMC spending has been slower than the system over the last few years though RRMC capital cost % of budget remains higher.

Non CON capital items include both building improvements and equipment, including \$1.4 million for the "IT Roadmap". Also, RRMC has two CONs planned in 2016, an air handling system and a Medical Office Building. As a matter of our reporting policy, the 2016 operating budget does not include any depreciation, interest, or other expenses to support those projects.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non Certificate of Need Detail				
Construction in Progress (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON >\$500K)	\$980,000	\$750,000	\$0	\$2,000,000
Total Fixed Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON >\$500K)	\$3,503,000	\$4,800,000	\$3,550,000	\$3,000,000
Other Non CON Items under \$500,000	\$4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
Total Non-Certificate of Need Capital Purchases	\$ 9,878,000	\$ 11,550,000	\$ 8,050,000	\$ 9,500,000

Certificate of Need Plans

Upgrade Air Handling Units (Rutland Regional Medical Center)	\$ 3,750,000	\$ -	\$ -	\$ -
Medical Office Building (Rutland Regional Medical Center)	\$ 8,000,000	\$ -	\$ -	\$ -
North Wing Psychiatric Refurbishment (Rutland Regional Medical Center)	\$ -	\$ 3,600,000	\$ -	\$ -
Operating Room/Surgical Services (Rutland Regional Medical Center)	\$ -	\$ 18,000,000	\$ -	\$ -
Total Certificate of Need Proposals	\$ 11,750,000	\$ 21,600,000	\$ -	\$ -